

CHALOS, O'CONNOR & DUFFY
ATTORNEYS AT LAW

Michael G. Chalos
Eugene J. O'Connor
Owen F. Duffy
Brian T. McCarthy
Timothy Semenov*
LeRoy S. Corsa^
Richard M. Ziccardi^
George K. Kontakis*
Andrew J. Warner
Wayne A. Parker

366 MAIN STREET
PORT WASHINGTON, NEW YORK 11050-3120

TELEPHONE (516) 767-3600
TELECOPIER (516) 767-3605 & 3925
WEBSITE: WWW.CODUS-LAW.COM

Michael G. Chalos
Partner
mchalos@codus-law.com

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*Admitted in NY & NJ
^Of Counsel

Via Email

Dorsey & Whitney LLP
1031 W. Fourth Ave., Suite 600
Anchorage, Alaska 99501-5901
Email: bundy.robert@dorseylaw.com

Attn: Robert C. Bundy, Esq.
Special Master

Re: *United States v. Ionia Management S.A.*
D. Conn. Index No. 07-cr-134 (JBA)
CO&D Ref: 500172.0002

Dear Mr. Bundy:

We write on behalf of our client, Ionia Management S.A. (hereinafter "Ionia"), in response to the request made during the January 12, 2011 Fifth Special Master's Hearing in New Haven, Connecticut, that Ionia provide a statement regarding the performance and capabilities of the Special Waste Oil Monitoring System (hereinafter "SWOMS") equipment onboard Ionia's covered vessels¹, and whether the SWOMS equipment complies with the requirements set forth in the Special Master's Scope of Work Order, dated April 23, 2008 (hereinafter "the Scope of Work Order").

The Scope of Work Order provides that "the SWOMS must have the capability to record, and the data be electronically sent, to IONIA's shore-side offices."² The data shall be electronically recorded by the SWOMS at least hourly. The CCM will be responsible for

¹ The covered vessels include: the M/T THEO T, M/T FIDIAS, M/T PLOUTOS and M/T ESTIA.

² The Scope of Work Order contained a footnote stating that "one desired feature of the SWOMS concept is that the system has the capability to transmit the data automatically to the corporate headquarters, without the need for human intervention. Ionia has represented that, through its efforts to obtain such a feature for its SWOMS system, the technology and hardware does not currently commercially exist to achieve this, but is under development. Within one year of the effective date of this order, Ionia will either have this technology installed, or, alternatively, submit for the Special Master's consideration an updated assessment and projection for the availability and feasibility of such technology. The Special Master will then make a recommendation to the Court on how to proceed." See Docket Entry #282 at pg. 5.

ensuring that each covered vessel submit copies of this electronic record in a format which can be compared with shipboard records kept by Ionia crewmembers. The CCM will be responsible for transmitting this data at the same time and manner as the monthly shipboard records discussed above in paragraph a.”³ As more fully set forth below, the SWOMS units on Ionia’s covered vessels are continuously monitoring all tanks and equipment specified in the Scope of Work Order and automatically transmit daily reports summarizing the data collected during the previous twenty-four hour period from the vessels’ engine rooms to Ionia’s shore-side office. These daily reports are also printed out on the Enviro-Logger’s logger paper.⁴ The SWOMS units onboard the covered vessels also generate print outs on the Enviro-Logger’s logger paper on an hourly basis whenever the Oily Water Separator and/or Incinerator are operated.⁵ For the reasons more fully detailed below, it is respectfully submitted that Ionia’s SWOMS units are in full compliance with the Scope of Work Order.

Following the most recent Special Master Hearing, Ionia requested Vigilant Marine⁶ to confirm which type of data is presently being recorded by the Enviro-Loggers installed on the covered vessels. Vigilant Marine responded that the Enviro-Loggers are generating daily reports at 0000 hours GMT, which contain information recorded during the prior twenty-four hour period.⁷ These daily reports are automatically transmitted to Ionia’s shore-side office and are also recorded on the Enviro-Logger’s logger paper. In addition, Vigilant Marine confirmed that the Enviro-Logger also records on the logger paper anytime the Enviro-Logger is powered up and these “power up” reports are also automatically transmitted to Ionia’s shoreside office.⁸

Vigilant Marine was also asked by Ionia to confirm whether the Enviro-Loggers: (1) automatically record all monitored tanks and equipment on an hourly basis; and, (2) transmit these hourly recordings automatically without human intervention. Vigilant responded that the Enviro-Loggers are currently recording on the Enviro-Logger logger paper on an hourly basis, but those hourly recordings are only printed on the logger paper when the vessel engages certain

³ See Docket Entry #282 at IV.b (The Scope of Work Order requires that Ionia submit on a monthly basis the Oil Record Book, tank sounding logs, tank sounding tables and engine room alarm records).

⁴ It is Ionia’s policy that all Enviro-Logger logger papers must be maintained onboard the vessel for a period of three (3) years.

⁵ These hourly recordings include the levels of all of the monitored tanks as well as their individual volumes, the overboard discharge valve position, the current and average PPM of the Oil Content Monitor, the time period that the Oil Water Separator is running, the vessel’s position and the time of the recording.

⁶ Vigilant Marine are the manufacturers of the Enviro-Logger and responsible for the programming of the Enviro-Logger’s to monitor, record and transmit data.

⁷ The contents of the daily reports were discussed at length during the Fifth Special Master’s Hearing. Each daily report includes the actual sounding and volume contained in each monitored tank at the time the report is generated. The report also provides the maximum and minimum soundings and volumes for each monitored tank during the proceeding twenty-four hour period. To record these soundings and volumes, the Enviro-Logger is continuously monitoring these tanks. See Exhibit “A”, 0000 hours GMT daily SWOMS report from M/T ESTIA which sets forth the data that is collected and automatically transmitted to Ionia’s office on a daily basis.

⁸ The Enviro-Logger is powered up every time it is turned from an off position to an on position. When the Enviro-Logger is powered up, it generates an email that is automatically sent to Ionia’s shore-side office. The contents of this email includes the last time the Enviro-Logger was on, and the time it was powered back up. Utilizing this email, Ionia is able to verify when the Enviro-Logger was powered down. Normally, these reports are a result of an authorized technician powering down the Enviro-Logger to perform required calibration, maintenance or programming. If the Enviro-Logger is powered down for any other reason, the “power up” automatic reports allow Ionia to immediately investigate why the Enviro-Logger was powered down.

operations, such as, when the Oil Water Separator and/or Incinerator are running.⁹ For example, if the Oil Water Separator is running for three hours, the Enviro-Logger will record on the logger paper three hourly reports during that period. Those reports will include data for all the monitored tank levels and volumes, the overboard discharge valve position, the current and average PPM of the Oil Content Monitor, the time period that the Oil Water Separator is running, the vessel's position and time of the recording. When asked by Ionia if hourly recordings could be generated automatically, and not in response to the vessels utilizing their OWS and/or incinerator, Vigilant Marine confirmed that the Enviro-Loggers can be programmed to generate hourly records, if needed, which can then also be automatically transmitted to Ionia's shoreside office.¹⁰

In addition to obtaining feedback from Vigilant Marine, Ionia has obtained information directly from the vessels regarding the data that is recorded by the SWOMS. Ionia has confirmed that the SWOMS units on the M/T THEO T, M/T FIDIAS and M/T PLOUTOS¹¹ record on the Enviro-Logger logger paper: (1) on an hourly basis when either the Oily Water Separator and/or Incinerator is operated; (2) every 15 minutes when the Oily Water Separator is operated¹²; (3) a daily report at 0000 hours GMT¹³; and, (4) whenever the Enviro-Logger is powered up. The 0000 hours GMT reports and the "power up" reports are also automatically transmitted to Ionia's shore-side office. The Enviro-Loggers also record on the logger paper anytime there is a "start/stop" or "on/off" action of monitored equipment or pumps (*i.e.* Oily Water Separator, Incinerator, Bilge Pump, etc.). A daily report is also recorded on logger paper at 1200 hours GMT.¹⁴

As the Enviro-Loggers presently installed onboard Ionia's covered vessels are continuously monitoring the vessels' pollution control equipment and monitored tanks, and make hourly recordings whenever the vessels' pollution prevention equipment is operated, it is respectfully submitted that the covered vessels are, and have been, in full compliance with the SWOMS requirements of the Scope of Work Order. However, rather than simply relying on the

⁹ See Exhibit "B", email from Mr. Craig Mason of Vigilant Marine dated January 17, 2011, setting forth the standard programming protocol for the Enviro-Loggers.

¹⁰ See Exhibit "C", exchanges with Mr. Craig Mason of Vigilant Marine dated January 17, 2011. As set forth in these exchanges, Vigilant Marine has advised that hourly recordings will only be sent if the interface between the Enviro-Logger and the vessel's e-mail network is functioning properly. During any period where there is a communication malfunction, the Enviro-Logger will record data on the Enviro-Logger logger paper.

¹¹ A copy of an excerpt from the M/T THEO T's logger paper is attached as Exhibit "D". A copy of an excerpt from the M/T FIDIAS's logger paper is attached as Exhibit "E". A copy of an excerpt from the M/T PLOUTOS's logger paper is attached as Exhibit "F". Excerpts were not requested from the M/T ESTIA, as the vessel's Enviro-Logger had been experiencing continued technical issues which were only recently addressed by an Ashland Marine technician during the vessel's call at Singapore. See Exhibit "G," copy of Ashland Marine technician's Service Report.

¹² These 15 minute reports printed on the logger paper are generated during any time period the Oil Water Separator is in operation. These 15 minute reports are less comprehensive than the hourly reports, as the 15 minute reports include only the following data: (1) the quantity and levels of the monitored tanks; (2) the average and current PPM overboard; and, (3) the date and time.

¹³ These 0000 hours GMT daily reports include all Oily Water Separator and incinerator usage, bilge pump operations, Oil Content Monitor Fresh Water Valve operations, overboard discharge valve operations, and PPM alarms and averages.

¹⁴ The daily 1200 GMT report contains the same information as the 0000 GMT report, but is only recorded on the logger paper and not automatically transmitted to Ionia's shore-side office.

utilization of the vessel's Oily Water Separator and/or Incinerator as a trigger for the generation of hourly recordings, Ionia has instructed Vigilant Marine to re-program all the Enviro-Loggers to generate hourly recordings that will capture and document the data that the Enviro-Loggers are currently continuously monitoring. Ionia has further instructed Vigilant Marine to program the Enviro-Loggers to automatically transmit these hourly recordings to Ionia's shoreside office. Ionia will provide a further report once Vigilant Marine confirms all Enviro-Logger units on the covered vessels have been reprogrammed.

Should you have any questions or require additional information, please feel free to contact us.

Sincerely yours,

CHALOS, O'CONNOR & DUFFY, LLP



Michael G. Chalos

MGC/gkk

Cc: U.S. Attorney's Office
District of Connecticut
157 Church Street Floor 23
New Haven, CT 06510
Attn: Anthony Kaplan, Esq.
Via Email w/enc.: Anthony.Kaplan@usdoj.gov

U.S. Department of Justice
Environmental Crimes Section
601 "D" Street, NW
Washington, D.C. 20004
Attn: Lana Pettus, Esq.
Via Email w/enc.: lane.pettus@usdoj.gov

U.S. Coast Guard
2100 Second St., S.W.
Washington, D.C. 20593-0001
Attn: LT Channing D. Burgess
Via Email w/enc.: Channing.D.Burgess@uscg.dhs.gov

U.S. Probation Department
District of Connecticut
157 Church Street, 22nd Floor
New Haven, CT 06510
Attn: Mr. Patrick Norton
Via Email w/enc.: patrick_norton@ctp.uscourts.gov

CHALOS, O'CONNOR & DUFFY LLP

Independent Environmental Consultant
Captain Richard C. Wigger
Compliance Systems, Inc.
Hamilton House
26 East Bryan Street
P.O. Box 9981
Savannah, GA 31412
Via Email w/enc.: csi@compliancesystemsinc.com

Independent Corporate Consultant
Mr. James H. Sanborn
Sanborn Yearwood & Associates
324 Keller Road
Berwyn, PA 19312-1452
Via Email w/enc.: jameshsanborn@comcast.net